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Homeland Security

United States
Coast Guard



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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

REAR ADMIRAL LARRY HERETH

ON

CARGO AND PORT SECURITY

BEFORE THE

**SUBCOMMITTEE ON CRIME, TERRORISM, AND HOMELAND
SECURITY**

COMMITTEE ON JUDICIARY

U. S. HOUSE OF REPRESENTATIVES

MARCH 15, 2005

LARRY HERETH

Rear Admiral, U.S. Coast Guard



Rear Admiral Larry Hereth is currently serving as the Director of Port Security in the Marine Safety, Security and Environmental Protection Directorate at U.S. Coast Guard Headquarters, Washington, D.C. As Director of Port Security, he oversees all aspects of the Coast Guard port security mission. He directed the development of the Maritime Security Regulations and is now implementing those standards. This includes plan approval and compliance efforts related to 10000 U.S. vessels, 5000 facilities and about 50 port areas, and port state control efforts for 8000 foreign vessels.

Rear Admiral Hereth is a 1973 graduate of the United States Coast Guard Academy with a bachelor of science and he also earned an MBA from Florida Institute of Technology. In his 30 years of service, he has seen a broad-based career with an emphasis on field operations. His wide-ranging assignments have taken him throughout the United States with multiple tours at east, gulf and west coast ports.

After sea duty and command of a unit in Turkey, Rear Admiral Hereth specialized in marine safety, port operations and pollution response. He previously served as Commanding Officer of Coast Guard Marine Safety Office San Francisco Bay. As CO he held three regulatory positions: Captain of the Port; Officer in Charge of Marine Inspection; and Federal On Scene Coordinator for pollution incidents. His area of responsibility covered almost 1900 miles of coastline or inland waterways in the northern half of California and extended shoreward beyond Lake Tahoe. Prior to being assigned to San Francisco, he served in Coast Guard Headquarters as program manager for all Coast Guard oil and hazardous substance pollution preparedness and response activities. Other tours included Commanding Officer, Gulf Strike Team; Alternate Captain of the Port in New York; Chief, Port Operations in New Orleans; and as Chief of the Coast Guard's National Marine Environmental Response School where he supervised all the pollution response courses and directed a national exercise program.

He has received numerous personal awards throughout his career, including the Department of Transportation Secretary's Gold Medal Award and the Meritorious Service Medal with the Operational Distinguishing Device and three gold stars.

He is a native of Cincinnati, Ohio and is married to the former Kathy Hays of Hillsboro, Oregon. Kathy works as a dental hygienist.

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Introduction

Good morning Mr. Chairman and distinguished Members of the Subcommittee. It is a pleasure to be here today to discuss the Coast Guard's role in securing the cargo chain and our ports in order to facilitate the safe and efficient flow of commerce.

On 9/10/01, our primary maritime focus was on the safe and efficient use of America's waterways. Since 9/11, we have made great progress in securing America's waterways, while continuing to facilitate the safe and efficient flow of commerce. There is no doubt that work remains, but there is also no doubt that we continue to improve maritime homeland security each and every day – thanks in large part to the continued strong interagency cooperation of those before you today.

Reducing Maritime Risk

The Coast Guard's overarching security goal is to prevent terrorist attacks within or exploitation of the U.S. maritime domain. Doing so requires a risk-based approach to identifying and intercepting threats well before they reach U.S. shores. We do that by conducting layered, multi-agency security operations nationwide; while strengthening the security posture and reducing the vulnerability of our ports, with particular focus on our militarily and economically strategic ports. As we seek to reduce maritime risk, we continually strive to balance each of the Coast Guard's mission requirements to ensure minimal degradation in service to the American public. Looking at their accomplishments, it is clear that Coast Guard men and women continue to rise to the challenge and deliver tangible and important results across both homeland security and non-homeland security mission programs.

Today's global maritime safety and security environment demands a new level of operations specifically directed against terrorism without degrading other critical maritime safety and security missions. Most importantly, the Coast Guard must exercise its full suite of authorities, capabilities, competencies and partnerships to mitigate maritime security risks in the post-9/11 world.

In terms of threat, vulnerability, and consequence, there are few more valuable and vulnerable targets than the U.S. maritime transportation system.

- **Threat:** While the 9/11 Commission notes the continuing threat against our aviation system, it also states that “opportunities to do harm are as great, or greater, in maritime or surface transportation.” From smuggling to piracy, suicide attacks to the threat of weapons of mass destruction, the threats are many and varied.
- **Vulnerability:** The maritime transportation system annually accommodates 6.5 million cruise ship passengers, 51,000 port calls by over 7,500 foreign ships, at more than 360 commercial ports spread out over 95,000 miles of coastline. The vastness of this system and its widespread and diverse critical infrastructure leave the nation vulnerable to terrorist acts within our ports, waterways, and coastal zones, as well as exploitation of maritime commerce as a means of transporting terrorists and their weapons.
- **Consequence:** Contributing nearly \$750 billion to U.S. gross domestic product annually and handling 95% of all overseas trade each year – the value of the U.S. maritime domain and the consequence of any significant attack cannot be overstated. Independent analysis and recent experiences on 9/11 and the west coast dock workers strike demonstrates an economic impact of a forced closure of U.S. ports for a period of only eight days in excess of \$58 billion to the U.S. economy.

Since 9/11 the Department of Homeland Security (DHS) and the Coast Guard have made significant strides to secure our homeland. Much has been done, and much remains to do. However, lingering and new maritime safety and security gaps continually present themselves and it is these risks we will continually work to reduce.

The Coast Guard guides its efforts by implementing policies, seeking resources, and deploying capabilities through the lens of our maritime security strategy.

Implement the Maritime Strategy for Homeland Security

Considering the vast economic utility of our ports, waterways, and coastal approaches, it is clear that a terrorist incident against our marine transportation system would have a disastrous impact on global shipping, international trade, and the world economy, in addition to the strategic military value of many ports and waterways.

The elements of the Coast Guard’s *Maritime Strategy for Homeland Security* are in direct alignment with the DHS’ strategic goals of Awareness, Prevention, Protection, Response and Recovery. These elements guide our efforts to reduce America’s vulnerabilities to terrorism by enhancing our ability to prevent terrorist attacks and limit the damage to our nation’s ports, coastal infrastructure and population centers in the event a terrorist attack occurs. Below provides a brief overview of the core elements of that strategy with particular emphasis on creation and management of a robust security regime.

Enhance Maritime Domain Awareness (MDA).

First, we seek to increase our awareness and knowledge of what is happening in the maritime arena, not just here in American waters, but globally. We need to know which vessels are in operation, the names of the crews and passengers, and the ship’s cargo, especially those inbound for U.S. ports. Maritime Domain Awareness (MDA) is critical to separate the law-abiding sailor from the anomalous threat.

The core of our MDA efforts revolve around the development and employment of accurate information, intelligence, and targeting of vessels, cargo, crews and passengers – and extending this well beyond our traditional maritime boundaries. All DHS components are working to provide a layered defense through collaborative efforts with our interagency and international partners to counter and manage security risks long before they reach a U.S. port. There are two hallmarks to today's security environment; complexity and ambiguity. Improving MDA will help us to simplify the complex and clarify the ambiguous and prove invaluable to facilitating effective resource, operational, and policy decision-making.

Create and Oversee Maritime Security Regime.

Second, to help prevent terrorist attacks we have developed and continue to improve an effective maritime security regime – both domestically and internationally. This element of our strategy focuses on both domestic and international efforts and includes initiatives related to MTSA implementation, International Maritime Organization regulations such as the ISPS Code, as well as improving supply chain security and identity security processes.

Before 9/11 we had no formal international or domestic maritime security regime for ports, port facilities, and ships – with the exception of cruise ships. Partnering with domestic and international stakeholders, we now have both a comprehensive domestic security regime and an international security convention in place. Both have been in force since July 1, 2004. In executing the requirements of the Maritime Transportation Security Act (MTSA) and the International Ship and Port Facility Security (ISPS) code, the Coast Guard has:

- Reviewed and approved over 9,600 domestic vessel security plans and 3,100 domestic facility security plans,
- Overseen the development of 43 Area Maritime Security Plans and Committees,
- Verified security plan implementation on 8,100 foreign vessels,
- Completed all domestic port security assessments for the 55 militarily and economically strategic ports, and
- Visited 19 foreign countries to assess the effectiveness of anti-terrorism measures and implementation of ISPS code requirements. An additional 10 countries are scheduled for visits by June 2005 with the goal of visiting all of our approximately 140 maritime trading partners; and
- Oversaw the development to the National and 43 Area Maritime Security plans.

Aside from the statistics, MTSA and ISPS are truly landmark achievements within the maritime industry. Through a variety of measures, or layers, of regulatory requirements, these two regimes complement each other and have gone far to reduce vulnerabilities within the global maritime transportation system, the general framework of which includes:

- *Physical Security.* The first pillar of this framework is physical security. Through the implementation of the MTSA, we have significantly hardened the physical security of our ports. Roughly 3,100 of the nation's highest risk port facilities have implemented mandatory access control measures to ensure that only authorized persons are able to

gain access. They have established designated restricted areas within the facility gates and facility owners and operators are now required, under federal regulations, to implement screening protocols for ensuring that cargo-transport vehicles and persons entering the facilities are inspected to deter the unauthorized introduction of dangerous substances and devices. At the facility gates, containers are required to be checked for evidence of tampering and cargo seals are checked.

- *Identity Security:* Identity verification is the third critical element of port security, recognizing that we must know and trust those who are provided unescorted access to our port facilities and vessels. The Coast Guard is working very closely with the Transportation Security Administration (TSA), the lead for implementation of the Transportation Worker Identification Credential (TWIC), to assist in the implementation of this new credentialing program. Just over three months ago, TSA approached the Coast Guard and asked for assistance in implementing the TWIC in the maritime mode through a regulatory project. The Coast Guard is fully supportive of this regulatory effort and will do everything within our ability to assist TSA in the development of this rulemaking.
- *Cargo Security:* Cargo security encompasses the process of ensuring that all cargo bound for the U.S. is legitimate, and was properly supervised from the point of origin, through its sea transit, and during its arrival at the final destination in the U.S.

Since Customs and Border Protection (CBP) has the lead role in maritime cargo security, the Coast Guard has worked in concert with our sister agency to align respective agency roles and responsibilities regarding international trade. When a cargo is moved on the waterborne leg of the trade route, the Coast Guard has oversight of the cargo's care and carriage on the vessels and within the port facility. The Coast Guard also oversees the training and identity verification of the people who are moving the cargo. CBP has authority over the cargo contents and container standards. Using the information provided through the Coast Guard's 96-hour notice of arrival rule and CBP's 24-hour cargo loading rule, we can act to control vessels, and thus their cargoes, that pose an unacceptable risk to our ports. With Coast Guard officers posted at CBP's National Targeting Center, we continuously improve agency coordination and our collective ability to quickly take appropriate action when notified of a cargo of interest. As a further improvement, the trade community can now file required cargo information via an electronic notice of arrival and departure system. This streamlines the process for industry and improves our ability to apply targeting and selectivity methods.

The Coast Guard has worked hard to align all of our regulatory and policy development efforts with CBP. We meet regularly to discuss policy, we participate on inter-agency regulation development teams, and we sit on the Operation Safe Commerce Executive Steering Committee. Between DHS, CBP and the Coast Guard, we coordinate the work of our various Federal Advisory Committees so that we all understand the trade community's concerns and priorities. Now that MTSA and ISPS Code are fully implemented, we are monitoring compliance and carefully noting issues for future improvements to the regulatory framework.

Looking at specific cargo-related initiatives, the Coast Guard fully supports the Container Security Initiative and the Customs-Trade Partnership Against Terrorism. We support CBP's pending regulation on mechanical seals for inbound cargo containers. We look forward to the results of Operation Safe Commerce, which will highlight technologies and business practices that will bring improved, layered security throughout the supply chain. We also agree with CBP's view that international compliance and the establishment of international standards are needed to help gain global compliance. In this way, the International Standards Organization and the International Maritime Organization have achieved great success in institutionalizing both safety and security standards, many times incorporating industry standards by reference. A multilateral approach provides more efficient and effective security regime. Compliance with a common, acceptable standard is checked by all our trading partners, not just the U.S. The evidence of success can be directly measured in the level of compliance. A prime example is the success of the implementation of the ISPS Code and the resulting 98% compliance achieved by foreign vessels arriving in U.S. ports.

- *Culture of Security:* Finally, and perhaps most importantly we have been able to take important steps to instill a culture of security within a system previously focused almost exclusively on efficiency. Reducing the vulnerabilities of our vessels and ports required a cultural shift to put security at the top of the agenda rather than as an afterthought. It is centered on the people who must implement the new security measures. Under our MTSA regulations, facilities and vessels are required to designate individuals with security responsibilities, including company security officers, facility security officers, and vessel security officers. These individuals must have knowledge, thorough training and equivalent job experience. They must be familiar with, and responsible for, implementation of the specific security measures outlined in the facility security plan and they must be knowledgeable in emergency preparedness, the conduct of security audits, and security exercises. In addition, facility security officers must have training in security assessment methodologies; current security threats and patterns; recognizing and detecting dangerous substances and devices, recognizing characteristics and behavioral patterns of persons who are likely to threaten security; and techniques used to circumvent security measures.

Increase Operational Presence. Third, we seek to better protect critical maritime infrastructure and improve our ability to respond to suspect activities by increasing our operational presence in ports, coastal zones and beyond ... to implement a layered security posture, a defense-in-depth. Our collective efforts to increase operational presence in ports and coastal zones focus not only on adding more people, boats and ships to force structures but making the employment of those resources more effective through the application of technology, information sharing and intelligence support.

Improve Response and Recovery Posture. Finally, we are improving our ability to respond to and aid in recovery if there were an actual terrorist attack. Understanding the challenge of defending 26,000 miles of navigable waterways and 361 ports against every conceivable threat at every possible time, we are also aggressively working to improve our response capabilities and readiness. While many of the increases in MDA and operational presence augment our collective response and recovery posture, we must also incorporate initiatives that will increase our ability to adequately manage operations and coordinate resources during maritime threat response or recovery operations.

The Coast Guard is implementing the new National Response Plan across all operations. The Incident Command System is our mandated crisis management system, and we have years of practical experience in its use. At the local level, each port is ready with port-specific and even sub-area specific, response plans. All law enforcement agencies, public service providers and port stakeholders have participated in the plan development process.

The Coast Guard has confidence that if a maritime transportation security incident (TSI) should occur in one of our ports, the local responders (Coast Guard Sector Commander or Captain of the Port, other federal agencies, state and local authorities, and partners in industry) will immediately react with mitigation, response, and recovery activities in that port and region. At the same time, we are continuing to refine tools and analysis to aid senior leadership in their ability to rapidly respond to crises, minimize damage, and aid in recovery operations.

Conclusion

After experiencing the most horrific act of terrorism on U.S. soil on 9-11, all sectors of the maritime community rallied together to strengthen the security of the maritime transportation system. The tremendous successes in this endeavor are due, in large part, to the cooperation and prompt measures taken by government and industry working together as partners. Much work remains to be done to reduce America's vulnerabilities to terrorism and other maritime security threats but with the continued support of the Congress and Administration, I know that we will succeed in delivering the robust maritime safety and security America expects and deserves well into the 21st Century.

Thank you for the opportunity to testify today. I will be happy to answer any questions you may have.